

Reclamation Manual

Directives and Standards

PLANT ACCOUNTING TYPES OF CONSTRUCTION COSTS AND RELATED DEFINITIONS RECLAMATION-SPECIFIC

- A. **Investigations.** Reimbursable investigation and advance planning costs which have been transferred to the project from the Investigations and Development account, i.e., Standard General Ledger (SGL) Account 199B.
- B. **Design and Specifications.** Salaries and expenses incurred in preparing construction designs and contract specifications.
- C. **Construction Labor and Materials.** Earnings under construction contracts and miscellaneous construction work by Reclamation employees such as building structures, erecting fences, and constructing roads. (Main Account Numbers 130 through 185.)
- D. **Construction Supervision.** Costs incurred for ensuring a facility is constructed in accordance with plans and specifications, including materials testing, inspection, and layout of construction work. These costs would probably be indirect costs distributed through Cost Allocation.
- E. **Facilitating Services.** Direct and indirect costs of support personnel, such as procurement, personnel, and program coordination distributed through Cost Allocation or from the Working Capital Fund.
- F. **Interest During Construction.** Interest on the Government's investment during construction. (Main Account Number 191.)
- G. **Distributive Costs.** Costs of a minor or secondary nature assigned or allocated to other construction/plant accounts. Distributive costs are usually allocated to construction/plant accounts in the same ratio that the total of the costs to be allocated bears to the total direct charges to the construction/plant accounts.
- H. **Unit of Property.** (A) An item that will be replaced as a complete unit more than one time within the period of analysis and (B) an item that is significant in terms of annual maintenance expense but is not ordinarily replaced as a part of the normal recurring maintenance program. The period of analysis is generally considered to be 100 years. Units of property are also referred to as "retirement units."
- I. **Replacement.** The construction or installation of plant to replace property retired, together with the removal of the property retired.

Reclamation Manual

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- J. **Retirement Unit.** Those units of property which, when retired, with or without replacement, are accounted for by crediting the book cost thereof to the plant account in which included. Units of property retired are units of property which have been removed, sold, abandoned, destroyed, or which for any cause have been withdrawn from service.
- K. **Addition.** A unit of property that, when placed in service, will increase the service potential, or will increase or improve the operating efficiencies or capabilities of the asset for which it was intended.
- L. **Minor Item of Property.** The associated parts or items of which retirement units are composed.
- M. **Residual Costs.** Costs incurred after the initial transfer of construction in progress costs to the applicable completed plant account.